CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

Website http://**www.cafedecoral.com**

(Stock Code: 341)

2007/2008 FINAL REPORT TO SHAREHOLDERS

HIGHLIGHTS

- **Continuous turnover growth for the 21st consecutive year since public listing exceeding the HK$4 billion mark.**
- **Continuous double-digit profit growth reaching the historic high of HK$420 million.**
- **Recognised as PRC Consumer's Most Favourable Hong Kong Brand and winner of Top Service Award.**
- **Record-breaking branch development expansion of 20 units under our various restaurant brands in Hong Kong.**
- **Unlocking the vast potentials of the China business platforms with a total of 40 and 72 outlets operating in Southern and Eastern China respectively.**
- **Simultaneous construction of our HK$350 million central processing plants both in Hong Kong and China.**
- **Shareholders' value was enhanced for the 13th consecutive year with this year's dividend increment of another 19%, reaching a payout ratio of 66%.**
- **Marching forward to celebrate the Group's commemorative 40th Anniversary Year.**

CHAIRMAN'S STATEMENT

Marching towards 40th Anniversary

I am proud to report another unprecedented result for the year ended 31st March, 2008. Turnover and profit attributable to shareholders for the year ended 31st March, 2008 reached new heights of HK$4.29 billion and HK$420 million representing an increase of 10.42% and 13.56% respectively as compared to last year. This achievement marks the beginning of the commemorative moment to celebrate the Group's 40th Anniversary in the new financial year 2008/2009.

To enhance the return to our shareholders, I would recommend to the Board to propose a final dividend of 35 HK cents per share. Together with the interim dividend paid earlier, a total dividend payable for the entire year is 50 HK cents per share, representing an increase of 19% over that of last year.

Hong Kong Business Platform

For the year under review, we achieved another record-breaking pace of branch development for the Group. A total of 20 new outlets, operating under our own restaurant brands, were opened in Hong Kong. Other than leasing properties only, we also strengthened our branch development portfolio by acquiring properties at strategic locations for housing our own reputable restaurant brands. This enabled us, on the one hand, to capture the capital appreciation opportunities and, on the other hand, to alleviate the cost pressure from escalating rental in these prime locations. It was also gratifying to witness that all these new outlets delivered satisfactory performance shortly after their openings. With these development initiatives being duly implemented, we lay a solid foundation for enhancing our profitability in the years to come.

Despite the ever-growing cost pressure in our local businesses, in particular the raw material and labour costs, I am glad to report that we were still able to achieve a double-digit growth for the Group's operating profit for the year under review. This encouraging performance was not a gift of luck but a result of our strong branding power and implementation of various successful business imperatives. Over the years, we spent millions of dollars in establishing our brands' awareness, be it for "**Café de Coral**", "**The Spaghetti House**" or "**Oliver's Super Sandwiches**". These initiatives, coupled with our 40 years' history in the catering industry and our well-recognized business practices, outrivaled our competitors in the market. Leveraging on this strong branding power, we were able to deal with the cost increments more effectively by adjusting our product mix, passing part of the cost increments to our customers and bargaining for more competitive raw material quotations, thereby safeguarding our profit margin from being eroded.

Our strong branding power was also exemplified in the recognitions and awards we won in the year. We are elected as the winner of the Top Service Award for the 4th consecutive year and also won the applause among mainland visitors by claiming the Gold Award as "PRC Consumer's Most Favourable Hong Kong Brand", while I have personally been bestowed with the "Entrepreneur of The Year China 2007".

<u>PRC Business Platform</u>

In Southern China, our **Café de Coral**'s aggressive branch development program continues. As of today, there are a total of 40 operating units, an addition of 11 new shops since April, 2007. Despite the introduction of certain austerity measures and adoption of tightened monetary policy by the Central Government to cool down the overheating economy, our pace of development has not been hampered. To capture the opportunities offered by the increasingly affluent households in the Pearl River Delta Region, our branch development program would focus more on the development initiatives in these areas. Subject to any unforeseen circumstances, we envisage that we are well on track to meet our target set out in four years ago to have not less than 50 outlets by the year 2009.

In Eastern China, I am glad to report that, after years of our dedicated efforts to fine-tune the business model of the chain, **New Asia Dabao**, it finally turned around for the year under review. It is also noteworthy that the sales performance of our "**Café de Coral**" in the region was much improved with steady growth since inception. The business improvement reinforces our confidence in capturing this vast market potential in the Yangtze River Delta Region.

<u>North America Business Platform</u>

Across the Ocean, the business performance of **Manchu Wok** is slightly below our expectation. The loss for the year under review is mainly attributable to the non-recurrent write-off as a result of closing down certain non-performing stores. As planned by the management, it is expected to step up further closures and disposal on an accelerated pace in dealing with the loss-making regional market at one go in the forthcoming year. Despite the provisions made for closure and asset impairment, it is noteworthy that **Manchu Wok** has improved on its operating performance.

Other than the consolidation measures we deployed, we have also taken up growth initiatives to regain the business momentum for this chain of restaurants. By introducing a new operating model to selected prototype stores, we achieved results that exceed our expectation, which should lead **Manchu Wok** into a more viable operating formula for supporting its business growth. Our strategy in exploring business opportunities in non-traditional areas also bears fruit, resulting in increasing number of stores in these areas. The encouraging performance in these growth initiatives also reinforces our confidence in achieving business turnaround in the upcoming year.

Looking Ahead

Marching towards the Group's 40^{th} Anniversary, we shall adopt all the requisite initiatives for delivering our promises to shareholders, employees and customers. Such initiatives are not only demonstrated by the way of doing our core businesses, they are also exemplified in our strategy in capturing the investment opportunities in the catering industry. Our strategic investment in "Tao Heung" has brought us with attractive dividend returns together with a remarkable capital appreciation in our equity, proving another successful strategy we deployed in sharing the growth potential in the Chinese restaurants market both in Hong Kong and China.

As reported earlier to you all, we are now in the planning stage for constructing the two food processing plants at the Guangzhou Development District, China and Tai Po Industrial Estate, Hong Kong. The two new plants, once completed by the late 2009 and mid 2010 respectively, are expected to greatly increase our production capacity both in Hong Kong and Southern China. Both of which would further enhance our competitive edge and support our sustainable growth in these two regions.

As to all the business platforms of the Group, be it in Hong Kong, Greater China region or overseas, we remain confident to unlock their vast potential for enhancing the Group's profitability and returning value to our shareholders. As we are now well into the Group's 40^{th} Anniversary Year, I assure you that our 13,000 strong will do all our best to mark another milestone in the Group's history in celebrating this commemorative event.

Chan Yue Kwong, Michael

Chairman

Hong Kong, 8th July, 2008

RESULTS

The board of directors is pleased to announce the audited consolidated results of Café de Coral Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st March, 2008, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Revenue	*4*	**4,290,031**	**3,885,151**
Cost of sales	*6*	(3,585,428)	(3,234,421)
Gross profit		704,603	650,730
Other gains, net	*5*	16,910	10,385
Administrative expenses	*6*	(240,838)	(238,804)
Operating profit		**480,675**	**422,311**
Finance income	*7*	31,278	34,859
Finance costs	*7*	-	(3,676)
Share of profit of associates		2,442	2,269
Share of loss of jointly controlled entities		(791)	(2,857)
Profit before income tax		**513,604**	**452,906**
Income tax expense	*8*	(93,370)	(82,839)
Profit attributable to equity holders of the Company		**420,234**	**370,067**
Dividends	*9*	276,265	230,181
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic	*10*	**76.36 HK cents**	**67.95 HK cents**
- Diluted	*10*	75.65 HK cents	66.95 HK cents

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		347,960	308,788
Property, plant and equipment		564,488	491,978
Investment properties		202,700	155,200
Intangible assets		234,912	213,068
Investments in associates		7,059	4,357
Investments in jointly controlled entities		33,604	32,195
Available-for-sale financial assets		293,707	267,398
Held-to-maturity financial assets		1,018	8,837
Deferred income tax assets		15,615	12,647
Non-current deposits		123,034	107,079
Retirement benefit assets		14,104	31,736
		1,838,201	1,633,283
Current assets			
Inventories		94,881	74,413
Trade and other receivables	*11*	46,968	44,145
Prepayments, deposits and other current assets		87,006	87,811
Financial assets at fair value through profit or loss		134,142	98,720
Cash and cash equivalents		733,298	546,655
		1,096,295	851,744
Total assets		2,934,496	2,485,027
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		55,257	54,593
Other reserves	*13*	590,087	354,008
Retained earnings	*13*		
- Proposed dividends		193,643	164,791
- Others		1,546,015	1,423,075
		2,385,002	1,996,467
Minority interest		2,386	-
Total equity		2,387,388	1,996,467

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31ST MARCH, 2008

	Note	**2008** *HK$'000*	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		64,884	65,121
Provision for long service payments		6,311	4,377
		71,195	69,498
Current liabilities			
Trade payables	*12*	112,766	94,741
Other creditors and accrued liabilities		328,808	300,463
Current income tax liabilities		34,339	23,858
		475,913	419,062
Total liabilities		547,108	488,560
Total equity and liabilities		2,934,496	2,485,027
Net current assets		620,382	432,682
Total assets less current liabilities		2,458,583	2,065,965

Notes:-

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2 ACCOUNTING POLICIES

(a) Standards, amendments and interpretations that are effective in current year

- HKFRS 7, "Financial instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of financial statements – Capital disclosures", introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables;

- HK(IFRIC) — Int 8 "Scope of HKFRS 2" requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements;

- HK(IFRIC) — Int 11 "HKFRS 2 — Group and treasury share transactions" provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over the parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any significant impact on the Group's financial statements; and

2 ACCOUNTING POLICIES (CONTINUED)

- HK(IFRIC) — Int 10 "Interim Financial Reporting and Impairment" prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(b) Interpretations effective in current year but not relevant for the Group's operations

- HK(IFRIC) — Int 7 "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies"; and

- HK(IFRIC) — Int 9 "Re-assessment of embedded derivatives".

(c) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

- HKAS 1 (Revised), "Presentation of financial statements" (effective from 1st January, 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1st April, 2009;

- HKAS 23 (Amendment), "Borrowing costs" (effective from 1st January, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1st April, 2009;

2 ACCOUNTING POLICIES (CONTINUED)

- HKFRS 8, "Operating segments" (effective from 1st January, 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1st April, 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker;

- HK(IFRIC) — Int 13, "Customer loyalty programmes" (effective from 1st July, 2008). HK(IFRIC) — Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply HK(IFRIC) — Int 13 from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements;

- HK(IFRIC) — Int 14, "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1st January, 2008). HK(IFRIC) — Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) — Int 14 from 1st April, 2008, but it is not expected to have any significant impact on the Group's financial statements;

2 ACCOUNTING POLICIES (CONTINUED)

- HKAS 27 (Revised) “Consolidated and separate financial statements” (effective from annual period beginning on or after 1st July, 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1st April, 2010;

- HKFRS 3 (Revised) “Business combination” (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are “capable of being conducted” rather than “are conducted and managed”. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1st April, 2010; and

2 ACCOUNTING POLICIES (CONTINUED)

- HKFRS 2 Amendment "Share-based payment vesting conditions and cancellations" (effective from 1st January, 2009). The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1st April, 2009, but it is not expected to have any significant impact on the Group's financial statements.

(d) The following interpretation has not yet been effective and not relevant for the Group's operations:

- HK(IFRIC) — Int 12, "Service concession arrangements" (effective from 1st January, 2008). HK(IFRIC) — Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) — Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

3 SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

At 31st March, 2008, the Group's business activities based are conducted predominantly in Hong Kong, Mainland China and North America.

The segment results for the year ended 31st March, 2008, based on location of customers, are as follows:

	Hong Kong	**Mainland China**	**North America**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues				
Total segment revenue	3,599,815	440,913	320,950	4,361,678
Inter-segment revenue	(1,536)	(70,111)	-	(71,647)
Revenue	3,598,279	370,802	320,950	4,290,031
Segment result	461,770	43,037	(24,132)	480,675
Finance income	30,140	764	374	31,278
Share of profit of associates	2,442	-	-	2,442
Share of loss of jointly controlled entities	-	(791)	-	(791)
Profit before income tax				513,604
Income tax expense				(93,370)
Profit attributable to the equity holders of the Company				420,234

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2008			
	Hong Kong	**Mainland China**	**North America**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	119,373	20,482	12,820	152,675
Amortisation of intangible assets	2,703	-	8,810	11,513
Amortisation of leasehold land and land use rights	5,319	1,959	-	7,278
Impairment of property, plant and equipment	-	-	1,267	1,267
(Gain)/loss on disposal of property, plant and equipment and leasehold land	(927)	189	9,936	9,198

3 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – geographical segments (Continued)

The segment assets and liabilities, based on location of customers, at 31st March, 2008 and capital expenditure for the year then ended are as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	North America *HK$'000*	Group *HK$'000*
Segment assets	1,764,468	372,386	312,497	2,449,351
Associated companies	7,059	-	-	7,059
Jointly controlled entities	-	33,604	-	33,604
	1,771,527	405,990	312,497	2,490,014
Unallocated assets				444,482
Total assets				2,934,496
Segment liabilities	338,278	60,503	49,104	447,885
Unallocated liabilities				99,223
Total liabilities				547,108
Capital expenditure	235,760	64,535	26,376	326,671

3 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – geographical segments (Continued)

The segment results for the year ended 31st March, 2007, based on location of customers, are as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues				
Total segment revenue	3,310,270	314,580	320,067	3,944,917
Inter-segment revenue	(1,919)	(57,847)	-	(59,766)
Revenue	3,308,351	256,733	320,067	3,885,151
Segment result	409,131	36,793	(23,613)	422,311
Finance income	33,404	1,224	231	34,859
Finance costs	(3,093)	(583)	-	(3,676)
Share of profit of associates	2,269	-	-	2,269
Share of loss of jointly controlled entities	-	(2,857)	-	(2,857)
Profit before income tax				452,906
Income tax expense				(82,839)
Profit attributable to the equity holders of the Company				370,067

Other segment items included in the consolidated income statement are as follows:

	Year ended 31st March, 2007			
	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	126,148	13,506	12,964	152,618
Amortisation of intangible assets	2,703	-	7,656	10,359
Amortisation of leasehold land and land use rights	5,016	1,688	-	6,704
Impairment of property, plant and equipment	-	-	7,790	7,790
Loss on disposal of property, plant and equipment and leasehold land	2,390	-	5,374	7,764

3 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – geographical segments (Continued)

The segment assets and liabilities, based on location of customers, at 31st March, 2007 and capital expenditure for the year then ended are as follows:

	Hong Kong	Mainland China	North America	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,518,550	258,964	283,359	2,060,873
Associated companies	4,357	-	-	4,357
Jointly controlled entities	-	32,195	-	32,195
	1,522,907	291,159	283,359	2,097,425
Unallocated assets				387,602
Total assets				2,485,027
Segment liabilities	321,040	38,472	40,069	399,581
Unallocated liabilities				88,979
Total liabilities				488,560
Capital expenditure	151,123	31,079	6,172	188,374

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, intangible assets, inventories, receivables, cash and cash equivalents and other operating assets. Unallocated assets comprise deferred income tax assets, available-for-sale financial assets, held-to-maturity financial assets and financial assets at fair value through profit or loss.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise current and deferred income tax liabilities.

Capital expenditure comprises additions to leasehold land and land use rights, property, plant and equipment and investment properties.

(b) Secondary reporting format – business segment

No segment analysis by business segment is presented as the Group principally operates in one business segment, which is the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains.

4 REVENUE

	2008	2007
	HK$'000	*HK$'000*
Sales of food and beverages	**4,168,547**	3,774,598
Rental income	**36,123**	30,729
Royalty income	**45,580**	43,081
Management and service fee income	**4,608**	3,459
Franchise income	**4,024**	3,745
Sundry income	**31,149**	29,539
	4,290,031	3,885,151

5 OTHER GAINS, NET

	2008	2007
	HK$'000	*HK$'000*
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(2,121)**	1,990
Gain on disposal of financial assets at fair value through profit or loss	**631**	1,145
Fair value gains on investment properties	**18,400**	7,250
	16,910	10,385

6 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**7,278**	6,704
Amortisation of intangible assets	**11,513**	10,359
Depreciation of property, plant and equipment	**152,675**	152,618
Net loss on disposal of property, plant and equipment and leasehold land	**9,198**	7,764
Provision for impairment of property, plant and equipment	**1,267**	7,790

7 FINANCE INCOME AND COSTS

	2008	2007
	HK$'000	*HK$'000*
Finance income – interest income	**31,278**	34,859
Finance costs – interest expenses on bank loans and overdrafts	**-**	(3,676)
Net finance income	**31,278**	31,183

8 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided for at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**82,619**	71,961
- Overseas taxation	**11,439**	12,557
Deferred income tax relating to the origination and reversal of temporary differences	**(4,097)**	(1,033)
Under/(over)-provision in prior years	**3,409**	(646)
	93,370	82,839

9 DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Interim, paid, of HK15 cents (2007: HK12 cents) per ordinary share	**82,622**	65,390
Final, proposed, HK35 cents (2007: HK30 cents) per ordinary share	**193,643**	164,791
	276,265	230,181

A final dividend of HK35 cents per ordinary share in respect of the year ended 31st March, 2008, amounting to a total final dividend of approximately HK$193,643,000, was proposed. These financial statements do not reflect this dividend payable.

10 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Profit attributable to equity holders of the Company *(HK$'000)*	**420,234**	370,067
Weighted average number of ordinary shares in issue *('000)*	**550,340**	544,640
Basic earnings per share *(HK cents per share)*	**76.36 HK cents**	67.95 HK cents

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are share options. For the share options, a calculation is prepared to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2008	2007
Profit attributable to equity holders of the Company *(HK$'000)*	**420,234**	370,067
Weighted average number of ordinary shares in issue *('000)*	**550,340**	544,640
Adjustment for share options *('000)*	**5,185**	8,113
	555,525	552,753
Diluted earnings per share *(HK cents per share)*	**75.65 HK cents**	66.95 HK cents

11 TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**20,986**	23,991
Less: provision for impairment of receivables	**(589)**	(3,347)
Trade receivables - net	**20,397**	20,644
Other receivables	**26,571**	23,501
	46,968	44,145

The Group's sales to customers are mainly on a cash basis. The Group also grants a credit period between 30 to 90 days to certain customers for the provision of the Group's institutional catering services, sale of merchandise for the Group's food manufacturing businesses and its franchisees.

The ageing analysis of trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 - 30 days	**12,001**	12,010
31 – 60 days	**6,275**	4,705
61 – 90 days	**1,495**	992
Over 90 days	**1,215**	6,284
	20,986	23,991

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 - 30 days	**105,634**	83,489
31 - 60 days	**1,594**	4,441
61 - 90 days	**70**	1,810
Over 90 days	**5,468**	5,001
	112,766	94,741

13 RESERVES

	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange translation reserve HK$'000	Capital reserve HK$'000	Investment reserve HK$'000	Share-based compensation reserve HK$'000	Contributed surplus HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2007	79,243	152,034	8,195	21,079	(1,467)	9,547	85,197	180	1,587,866	1,941,874
Proceeds from shares issued	29,777	-	-	-	-	-	-	-	-	29,777
Changes in fair value for available-for-sale financial assets	-	-	-	-	143,414	-	-	-	-	143,414
Actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	(24,942)	(24,942)
Deferred income tax effect on actuarial losses of retirement benefit obligation	-	-	-	-	-	-	-	-	4,365	4,365
Employee share option scheme – value of employee services	-	-	-	-	-	20,035	-	-	-	20,035
Release of share-based compensation reserve to share premium upon exercise of share options	5,113	-	-	-	-	(5,113)	-	-	-	-
Exchange differences arising on consolidation	-	-	42,853	-	-	-	-	-	-	42,853
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	420,234	420,234
Dividends	-	-	-	-	-	-	-	-	(247,865)	(247,865)
At 31st March, 2008	114,133	152,034	51,048	21,079	141,947	24,469	85,197	180	1,739,658	2,329,745

	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange translation reserve HK$'000	Capital reserve HK$'000	Investment reserve HK$'000	Share-based compensation reserve HK$'000	Contributed surplus HK$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st April, 2006	57,505	152,034	2,432	21,079	(8,875)	3,449	85,197	-	1,516,491	1,829,312
Proceeds from shares issued	20,321	-	-	-	-	-	-	-	-	20,321
Changes in fair value for available-for-sale financial assets	-	-	-	-	7,408	-	-	-	-	7,408
Actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	14,488	14,488
Deferred income tax effect on actuarial gains of retirement benefit obligation	-	-	-	-	-	-	-	-	(2,535)	(2,535)
Employee share option scheme – value of employee services	-	-	-	-	-	7,515	-	-	-	7,515
Release of share-based compensation reserve to share premium upon exercise of share options	1,417	-	-	-	-	(1,417)	-	-	-	-
Exchange differences arising on consolidation	-	-	5,763	-	-	-	-	-	-	5,763
Changes in fair value for transfer of leasehold land and land use rights to investment properties, net of tax	-	-	-	-	-	-	-	180	-	180
Profit attributable to equity holders of the Company	-	-	-	-	-	-	-	-	370,067	370,067
Dividends	-	-	-	-	-	-	-	-	(310,645)	(310,645)
At 31st March, 2007	79,243	152,034	8,195	21,079	(1,467)	9,547	85,197	180	1,587,866	1,941,874

14 COMMITMENTS

Capital commitments

As at 31st March, 2008, the Group had the following capital commitments:

	2008 ***HK$'000***	2007 *HK$'000*
Acquisition of property, plant and equipment		
Authorised and contracted for	**18,716**	12,858
Authorised but not contracted for	**188,709**	118,942
	207,425	131,800

FINAL DIVIDEND

To enhance the return to our shareholders, the Directors recommended a final dividend of 35 cents (2007: 30 cents) per share, resulting in a total dividend of 50 cents (2007: 42 cents) per share for the year ended 31st March, 2008, to those persons registered as shareholders on 10th September, 2008. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid on 3rd October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 10th September, 2008 to Wednesday, 17th September, 2008 (both days inclusive) during which period no transfers of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9th September, 2008.

FINANCIAL REVIEW

The Group's financial position, as at 31st March, 2008, continues to be very strong, with a net cash of close to about HK$733 million and available banking facilities of HK$636 million.

As at 31st March, 2008, the Group did not have any external borrowing (31st March, 2007: Nil) and maintained a healthy gearing (being total borrowings over shareholders' funds) of Nil (31st March, 2007: Nil). There has been no material change in contingent liabilities or charges on assets since 31st March, 2007.

As at 31st March, 2008, the Company has given guarantees approximately HK$636,000,000 (31st March, 2007: HK$836,000,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

Regarding foreign exchange fluctuations, the Group earned revenue and incurred costs and expenses are mainly denominated in Hong Kong dollars, while those of our North America and PRC subsidiaries and jointly controlled entities are denominated in United States dollars, Canadian dollars and Renminbi respectively. While foreign currency exposure did not pose significant risk for the Group, we will continue to take proactive measures and monitor closely of our exposure to such currency movement.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31st March, 2008.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Appendix 14 – Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the financial year ended 31st March, 2008, except for the deviations from Code Provision A.2.1.

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan Yue Kwong, Michael assumes the roles of Chairman and Chief Executive Officer of the Group. The Board considers that, given the current corporate structure, there is no separation between the roles of Chairman and Chief Executive Officer. Although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board and appropriate Board committees. There are three independent non-executive directors in the Board with sufficient independent element. Therefore, the Board is of the view that there are adequate impartiality and safeguards in place.

REVIEW OF THE RESULTS

The Audit Committee and the Board of Directors have reviewed the accounting principles and the practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the annual results, related to the preparation of the 2007/2008 annual report.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2008 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter as executive directors; Mr. Lo Tang Seong, Victor, Mr. Lo Hoi Chun and Mr. Hui Tung Wah, Samuel as non-executive directors; Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry as independent non-executive directors.